

WASHINGTON

Executive Registry

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## CABINET AFFAIRS STAFFING MEMORANDUM

Date: September 10, 1984 Number: 244465CA Due By: --

Subject: Good News about the Economy [prepared by OMB]

ALL CABINET MEMBERS	Action	FYI		Action	FYI
Vice President	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CEA	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	CEQ	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	OSTP	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	Mc Farlane	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	Svahn	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
GSA	<input type="checkbox"/>	<input type="checkbox"/>	Executive Secretary for:		
EPA	<input type="checkbox"/>	<input type="checkbox"/>	CCCT	<input type="checkbox"/>	<input type="checkbox"/>
NASA	<input type="checkbox"/>	<input type="checkbox"/>	CCEA	<input type="checkbox"/>	<input type="checkbox"/>
OPM	<input type="checkbox"/>	<input type="checkbox"/>	CCFA	<input type="checkbox"/>	<input type="checkbox"/>
VA	<input type="checkbox"/>	<input type="checkbox"/>	CCHR	<input type="checkbox"/>	<input type="checkbox"/>
SBA	<input type="checkbox"/>	<input type="checkbox"/>	CCLP	<input type="checkbox"/>	<input type="checkbox"/>
			CCMA	<input type="checkbox"/>	<input type="checkbox"/>
			CCNRE	<input type="checkbox"/>	<input type="checkbox"/>

## REMARKS:

Forwarded for your information.

Thanks.

## RETURN TO:

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 Associate Director  
 Office of Cabinet Affairs  
 456-2800 (Room 129, OMB)

L-300B

Good News About the Economy

Strong economic growth is continuing; the labor market has scored impressive gains; and inflation remains under control.

- o Real GNP in the second quarter of 1984 rose at a strong 7.6% annual rate, following a rapid 10.1% annual rate of gain in the first quarter. Growth during this recovery is faster than in any upturn since 1950.
- o Industrial production has increased steadily over the past 20 months. The 22.8% gain from the November 1982 cyclical trough to July 1984 is greater than that of any recovery since 1950.
- o Reflecting the substantial production gains, capacity utilization in manufacturing reached 82.6% in July, up nearly 14 percentage points from its November 1982 low, reaching its highest level since March 1980.
- o The civilian unemployment rate has declined sharply in this recovery. The August rate of 7.5% is 3.2 percentage points lower than its December 1982 high. Civilian employment has grown 6 million over the past 20 months, and the number of unemployed persons has fallen by 3.4 million. The employment gains are widespread, covering various age, sex, and industry groups.
- o Inflation remains well under control despite the strong recovery. The July CPI was 4.1% higher than a year earlier, about a third the rate this Administration inherited. The producer price index for finished goods has performed even better than the CPI, increasing by only 2.4% over the past year.
- o Reflecting strong real income growth, improved labor markets and the low rate of inflation, consumer optimism has soared. The University of Michigan Survey Research Center's Index of Consumer Sentiment was 99.1 in August, just below the first quarter average of 99.6, the highest level since 1966.
- o A good measure of consumer confidence in the economy is the willingness to spend. Real consumer spending in the second quarter accelerated to a 7.5% annual rate. Domestic auto sales in the first two quarters were at an 8.2 million unit annual rate, the fastest selling pace in 5 years. Sales in July-August dipped slightly to an 8.0 million unit annual rate, in part due to shortages of some popular models.
- o Business is confident in the future of the economy and, therefore, is adding to its capital facilities. Real spending for new plant and equipment has grown much more rapidly than in any postwar recovery, helped by strong profits and more liberal depreciation allowances provided by the Administration's tax program. Corporate profits have risen by 92.2% since the cyclical trough in the fourth quarter of 1982, the fastest six-quarter increase since World War II.

Office of Economic Policy  
Office of Management and Budget  
September 10, 1984